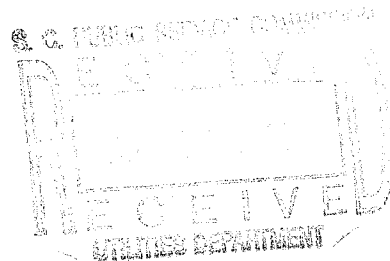


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APRIL 11, 2001

Mr. Gary E. Walsh  
Executive Director  
The Public Service Commission of South Carolina  
P. O. Drawer 11649  
Columbia, S. C. 29211



Dear Mr. Walsh:

IN RE: Application of Dowd Water System for  
Establishment of Water Rates in the Isle of Pines  
Subdivision

Attached hereto is my application for an establishment of rates and charges in the Isle of Pines subdivision which I own and manage. I would appreciate it if you could render a decision as soon as possible since I am losing money on Dowd Water System, Inc.

Very sincerely yours,

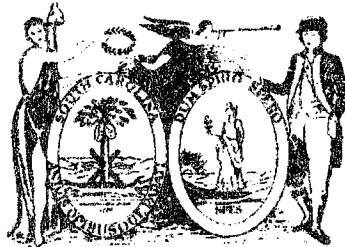
Sue Dowd  
Dowd Water System  
77 Dowd Road  
Prosperity, SC 29127

ISLE OF PINES SUBDIVISION  
(DOWD WATER SYSTEMS, INC.)  
ESTABLISHMENT OF RATES AND CHARGES

INFORMATION TO BE FILED WITH THE COMMISSION  
FOR ESTABLISHMENT OF A WATER AND/OR SEWER UTILITY

1. Articles of Incorporation. Attached as "Dowd Water Systems, Inc.", Attachment 1.
2. Proposed Plat. To be hand delivered because of bulkiness along with item 10 below.
3. Engineering Plans. Since this is an old system, company asked for a waiver of this item.
4. Construction Permit. Since this is an old system, company asked for a waiver of this item.
5. Proposed Monthly Charge: The owner receives no compensation for managing the company but asks for an operating margin to compensate her for her time and expenses. The monthly rates proposed is a two-fold rate:
  - Full Time: \$35.00 per month for unlimited usage
  - Part Time: \$25.00 per month for unlimited usage
  - Disconnect Fee: \$90.00 (Includes \$75.00 for contractual service plus mailings and travel of \$15.00 by the owner)
  - Reconnect Fee: \$90.00 (Includes \$75.00 for contractual service plus mailings and travel of \$15.00 by the owner.)
6. Number of Customers: Full time:10; Part Time: 11. The system is filled up.
7. Proposed plant investment. The plant is fully depreciated. Company asks for a waiver on this item.
8. Depreciation Schedule. See item 7 above. Company asks for a waiver on this item.
9. Pro-forma Statement. The test year is the twelve months ending 12-31-2000. See Attachment 2 for the test year showing the effect of the proposed increase and other pro forma and accounting adjustments.
10. Performance Bond. Delivered separately along with item 2 above.
11. Plans and specifications approved by a professional engineer. Since this is an old system, the Company asked for a waiver of this item.
12. Letter from DHEC. Attached as Attachment 3.
13. Customer bill form. Attached as Attachment 4.
14. Attachment 2 demonstrates the revenues and expenses of this Company after the proposed rate. Column (5) shows a profit of \$4,879. The owner, who receives no management fees directly, feels this profit margin is necessary for properly managing the company on an on-going basis.

# *The State of South Carolina*



## *Office of Secretary of State Jim Miles* **Certificate of Existence**

I, Jim Miles, Secretary of State of South Carolina Hereby certify that:

***DOWD WATER SYSTEMS INC.,***

a corporation duly organized under the laws of the State of South Carolina on **March 9th, 2001**, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that it is subject to being dissolved by administrative action pursuant to Section 33-14-210 of the South Carolina Code, and that the corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great Seal of  
the State of South Carolina this 9th day of  
March, 2001.

A handwritten signature of Jim Miles in black ink, written over a horizontal line.

Jim Miles, Secretary of State

ISLE OF PINES  
OPERATING MARGINS  
FOR THE TEST YEAR ENDING DECEMBER 31, 2000

	PROFORMA AND PER BOOKS	ACCOUNTING ADJ ADJUSTMENTS	NO. ADJUSTMENTS	AFTER ADJUSTMENTS	PROPOSED INCREASE	AFTER ADJ. PROPOSED INCREASE
	\$	\$		\$	\$	\$
OPERATING REVENUES:	2,880	144 (1)		3,024	4,476 (6)	7,500
OPERATING EXPENSES:						
Electricity	376	0		376	0	376
Testing Fees	499	305 (2)		804	0	804
Operator	0	0		0	0	0
Chemicals	0	0		0	0	0
Office Supplies (1)	176	0		176	0	176
Repairs	0	0		0	0	0
Repair Door	0	0		0	0	0
Assessment Taxes	0	15 (3)		15	22 (7)	37
Property Taxes	21	0		21	0	21
Management Fees	0	0		0	0	0
Rate Case Expense	0	44 (4)		44	0	44
Income Taxes	0	306 (5)		306	857 (8)	1163
						0
TOTAL OPERATING EXPENSE	1,072	670		1,742	879	2,621
TOTAL OPERATING INCOME	1,808	(526)		1,282	3,597	4,879
OPERATING RATIOS	62.78%			42.39%		65.05%

ISLE OF PINES  
DOWD WATER SYSTEM, INC.  
EXPLANATION OF ACCOUNTING AND PRO FORMA ADJUSTMENTS

ADJUSTMENT NUMBER 1, Operating Revenues, \$144. To increase revenues for a customer that did not pay. (\$12 per month times 12 months).

ADJUSTMENT NUMBER 2, Testing Fees, \$305. Beginning in the year 2001, an independent contractor will perform testing this system at \$67 per month or \$804 per year.

ADJUSTMENT NUMBER 3, Assessment Tax, \$15. The gross receipts factor of .005 was applied to the adjusted revenues of \$3,024.

ADJUSTMENT NUMBER 4, Rate Case Expense, \$44. The Accountant's fee for three rate cases is \$400, or, \$133 per case. That amount is then amortized over a three-year period ( $33.33\% \times \$133 = \$44$ ).

ADJUSTMENT NUMBER 5, Income Taxes, \$306. A composite rate of 19.25% was applied to taxable income of \$1,588 for an adjustment of \$306.

ADJUSTMENT NUMBER 6, Effect of Proposed Increase, \$4,476. The Company is proposing a two-fold rate. Full-time residents (10) are proposed to be charged \$35.00. Part-time residents (11) are proposed to be charged \$25.00 per month. Therefore, part-time residents would pay \$3,300 per year and full-time residents \$4,200 per year for total revenues of \$7,500. After adjusted revenues of \$3,024, the adjustment is \$4,476.

ADJUSTMENT NUMBER 7, Assessment taxes, \$22. As in adjustment #3 above, the gross receipts factor of .005 was applied to the proposed increase of \$4,476 for an assessment of \$22.00

ADJUSTMENT NUMBER 8, Income Taxes, \$857. On Revenues of \$7,500 and operating expenses of \$1,458, produce taxable income of \$6,042. The taxable rate of 19.25% was applied for Income Taxes of \$1,163. After the adjusted Income Taxes in Column (3) of \$306 would require an adjustment to Income Taxes of \$857 in Adjustment Number 8.



ATTACHMENT #3  
ISLE OF PINES  
PAGE 1

CENTRAL MIDLANDS EQC DISTRICT  
PO Box 156, Building #5  
State Park, SC 29147  
(803) 896-0620 Fax (803) 896-0617

April 4, 2001

Sue Dowd  
77 Dowd Road  
Prosperity, SC 29127

RE: Sanitary Survey of Stephenson's Lake, Emerald Shores, and Isle of Pines  
Water System Number 3250018, 3250088, 3250062  
Lexington County

Dear Mrs. Dowd:

On March 22, 2001, a follow-up sanitary survey of the above referenced water systems was conducted by South Carolina Department of Health and Environmental Control (the Department) personnel. Present at the time of the survey was Sue Dowd, the owner of the system. The intent of a survey is to evaluate a public water system's ability to provide a continuous supply of safe drinking water to its customers following the guidelines established by the State Primary Drinking Water Regulations, (R.61-51).

The enclosed sanitary survey report consists of a list of the deficiencies that were noted during the survey, along with any general comments or recommendations concerning the water system and its operation.

The following deficiencies were noted and recommendations are made:  
**Bold typeface indicates any changes from the original Survey of April 10, 2000.**

**Stephenson's Lake**

1. Item #2: Protection from contamination- Well two (2) was missing a screened air vent. The vent must be replaced in order to prevent potential contamination from entering the well. The vent can be a goose neck type with twenty-four (24) mesh screen over the opening, or manufactured slotted pipe with effective opening of .024 inches or smaller (R.61-58.2 (B), page 15).
2. Item #3: Security- The locks on both wells five (5) and six (6) need to be fixed.
3. Item #10: Chemical feed rooms- When the chlorine drum is replaced, it needs to be graduated. Also, the operator must use a graduated container to fill the chemical drums, so that a precise measurement of the amount of chemical added can be recorded in the log.
4. Item #17: Valve/hydrant maintenance- The valves must be exercised at least once a year. When this is done it must be documented and, kept in your files with the other records.
5. Item #18: Flushing Program- There was no written flushing program on hand during the survey. Enclosed is a sample plan, which can help you to develop your own program.

6. Item #25: Storage security- Both storage tanks must be secured by a perimeter fence. Preferably, the fence should be a minimum of six (6) feet tall and should have barbed-wire capping. This will decrease the probability of contamination due to vandalism, tampering and/or sabotage (R.61-58.7 C (18), page 222).

7. Item #27: Maintenance- The storage tank at the chemical room is rusting and needs to be repainted. The Department must be notified, in writing, ten (10) days prior to repainting a storage tank, (R.61-58.7 E (14), page 226). Included with this report is a guidance document on the repainting of existing storage tanks. Also, the pressure gauge on the storage tank at well two (2) is inoperable.

8. Item #28: Certified operator- This system must have a certified operator with at least a D grade license. Please provide to this office immediately, the name and license number of the operator in charge of this system. Per our phone conversation of March 30, 2001 at 9:30 AM, E.A. Services will provide the certified operator starting the week of April 1-7, 2001. Per a phone conversation between Mrs. Sue Dowd, and Mr. Larry Boland, of the Department, operators will be checking the system three (3) times a week. Please note that a certified operator must make daily visits to the system.

9. Item #30: Monitoring/reports/record keeping- Please mail the Department copies of your bacteriological monitoring reports, sample siting plan, and operator logs for the past 12 months. There were no operator's logs on hand in the chemical rooms.

10. Item #35: Procedures Manual- Each system must have a procedures manual which would include the following:

- A. Detailed instructions on starting and stopping any treatment plant
- B. Preventative maintenance procedures and schedules for equipment
- C. Water quality monitoring records
- D. Reporting and public notification requirements
- E. Sampling and analytical procedures for monitoring water quality
- F. Sample siting plan
- G. Valve and hydrant maintenance procedures
- H. Distribution system flushing program
- I. Disinfection requirements for the repair of wells, tanks, and water lines
- J. Cross-connection control program
- K. Leak detection and repair program
- L. Safety procedures

Enclosed is a sample procedures manual which you can use to develop your own.

11. Item #37: Emergency Plan- All systems must have an emergency plan which contains the following information

- A. The telephone number of the Department's district office, the Department's Bureau of Water office and the Department's twenty-four hour telephone number.
- B. The names and numbers of current chemical suppliers
- C. The names and numbers of the electric, natural gas, telephone and cable companies
- D. The names and numbers of the potential sources of spare parts, pipe sections and pipe repair parts.
- E. The names and telephone numbers of contractors to call for making any repairs

beyond the capability of the system personnel.

- F. The names and numbers of well drillers
- G. Arrangements for obtaining emergency power.
- H. Arrangements for obtaining potable water
- I. An up-to-date distribution map showing line sizes, the location of larger valves, fire hydrants, blow-offs, and pumping, storage, and treatment facilities
- J. Procedures for notifying the public and media including a sample Boil Water Notice and a sample Boil Water Advisory.
- K. Emergency disinfection procedures for wells, water lines and storage tanks.

Enclosed is a sample emergency plan which will be helpful in developing your own plan.

#### **Emerald Shores**

1. Item #2: Protection from contamination- The seal at well two (2) must be caulked to avoid potential contamination from entering the well. Also, the cement pad at well one (1) has a small crack that must be patched.
2. Item #3: Security- the well house at well 2 must have a lock.
3. Items #7-11: Water treatment- Chlorination was added sometime after the 1996 survey. This was done with out proper approval from the Department. A construction permit must be obtained prior to placing any treatment program on the system. To obtain a permit for the chlorine feed system, plans and specifications from a professional engineer licensed in the state of South Carolina must be submitted to Mr. Chris Childs at 2600 Bull St., Columbia, SC 29201-1708. Please have these items submitted by May 4, 2001.
4. Item #25: Storage security- see #6 of Stephenson's Lake
5. Item #27: Maintenance- see #7 of Stephenson's Lake
6. Item #28: Certified operator- see #8 of Stephenson's Lake
7. Item #30: Monitoring/reports/record keeping- see #9 of Stephenson's Lake
8. Item #35: Procedures manual- see #10 of Stephenson's Lake
9. Item #37: Emergency plan- see #11 of Stephenson's Lake

In November of 2000, work was performed on both wells in Emerald Shores. Subsequently, one of the wells has been offline. As of March 30, 2001, both wells are back online and operating properly.

#### **Isle of Pines**

1. Item #2: Protection from contamination- the wiring at the well must be put in conduit, and the well must have a cement pad which is six feet by six feet and 4 inches thick with the well centered. This will protect the well from potential contamination from surface water.
2. Item #20: System map- There was no system map on hand during the inspection. Each system must have a map which includes where the well, tanks, and water lines are located. This map will aid in the



operation of the system and in response to emergency situations.

3. Item #30: Monitoring/reports/record keeping- Please mail the Department copies of your bacteriological monitoring reports for the past 12 months and the sample siting plan.

All items were unchanged from the previous survey. Each item was reviewed by myself and Mrs. Dowd and I have enclosed information to help explain several of the deficiencies. The overall ratings of the above-mentioned systems are 'Unsatisfactory' due to the deficiencies from the previous survey not being corrected. Also, it is imperative that Stevenson's Lake and Emerald shores are visited daily by a certified operator. Thank you for your time and assistance. If you have any questions, please contact me at 896-0620.

Sincerely,



S. Michele Culbreath  
Central Midlands EQC District

CC: Doug Kinard, DHEC Drinking Water Compliance  
Susan Alder, DHEC Drinking Water  
Sue Ferguson, Palmetto Health District  
Lexington County Health Department

AK COMMENT #3  
ISLE OF PINES  
PAGE 4

Dowd Water System  
77 Dowd Road  
Prosperity, SC 29127

ISLE OF PINES

ATTACHMENT 4

803-345-2285

NAME

ADDRESS

Chapin, SC 29036

2000

January \_\_\_\_\_

February \_\_\_\_\_

March \_\_\_\_\_

April \_\_\_\_\_

May \_\_\_\_\_

June \_\_\_\_\_

July \_\_\_\_\_

August \_\_\_\_\_

September \_\_\_\_\_

October \_\_\_\_\_

November \_\_\_\_\_

December \_\_\_\_\_

DHEC Fees \_\_\_\_\_

Past Due \_\_\_\_\_

Total Amount Due \_\_\_\_\_ Date Due \_\_\_\_\_

Thank you.

Sue Dowd